

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 883 - HB 1334

March 12, 2023

SUMMARY OF BILL: Allows a child under 24 years of age to be eligible to receive a 25 percent discount on tuition at any state institution of higher education if the child's parent is employed as a full-time educational assistant in a public school in Tennessee.

FISCAL IMPACT:

**Decrease State Revenue - \$1,639,800/FY23-24 and Subsequent Years/
Locally Governed Institutions**

**\$241,800/FY23-24 and Subsequent Years/
Tennessee Board of Regents**

**\$1,565,500/FY23-24 and Subsequent Years/
University of Tennessee System**

Other Fiscal Impact – Any additional reimbursement in future years to institutions for waivers is subject to appropriation by the General Assembly pursuant to Tenn. Code Ann. § 49-7-119(c); the precise amount of any additional expenditures is dependent upon action by the General Assembly and cannot be reasonably determined.

Assumptions:

- Pursuant to Tenn. Code Ann. § 49-7-119(a)(1)(A), a 25 percent tuition discount is available to children of parents who are employed as full-time certified teachers.
- Children of educational assistants in a public school are currently not eligible for the discount.
- Pursuant to Tenn. Code Ann. § 49-7-119(c), reimbursement to state-supported colleges, universities, and vocational technical schools is limited to the availability of state funds that are specifically appropriated for fee waivers and discount programs by the General Assembly.
- Institutions receive a proportional distribution of available funds based on each school's share of the total amount of tuition and fee waivers used. Historically, the amount has averaged reimbursements of about 10.35 percent of the total amount of fee waiver discounts issued.

SB 883 - HB 1334

- According to the Tennessee Higher Education Commission (THEC), these waivers will be required to occur regardless of reimbursement.
- Any additional reimbursement is subject to appropriations by the General Assembly pursuant to Tenn. Code Ann. § 49-7-119(c); the precise amount of any additional expenditures is dependent upon action by the General Assembly and cannot be reasonably determined.
- THEC monitors the use of tuition and fee waivers by determining the number of Full-Time Equivalent (FTE) hours supported by waivers. THEC calculates 1 FTE to equal 15 undergraduate credit hours or 12 graduate hours.
- Full-time enrollment (FTE) use of the waiver is equivalent to an average of 4 classes.
- Found in the Department of Education's *2021 Annual Statistical Report*:
 - There are 67,404 full-time teachers.
 - There are 18,741 full-time educational assistants.

Assumptions relative to Locally Governed Institutions:

- There were an estimated 5,868 FTE waivers issued in FY21-22 from locally governed institutions (LGIs) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 35 percent $[(5,868 \times 4) / 67,404]$ of the total number of full-time teachers.
- The average course discount is estimated to be \$250 each.
- Applying the same utilization percentage rate used by the children of full-time teachers to the children of fulltime educational assistants, it is estimated that an additional 6,559 $(18,741 \times 35\%)$ waivers will be issued.
- The total decrease in state revenue to LGIs estimated to be \$1,639,750 $(6,559 \text{ course waivers} \times \$250)$ for LGIs.

Assumptions relative to Tennessee Board of Regents:

- There were an estimated 1,635 FTE waivers issued in FY21-22 from a college under the Tennessee Board of Regents (TBR) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 9.7 percent $[(1,635 \times 4) / 67,404]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$133 each.
- Applying the same utilization percentage rate used by the children of full-time teachers to the children of fulltime educational assistants, it is estimated that an additional 1,818 $(18,741 \times 9.7\%)$ waivers will be issued.
- The total amount of discounts is estimated to be \$241,794 $(1,818 \text{ course waivers} \times \$133)$ for TBR.

Assumptions relative to University of Tennessee System:

- There were an estimated 4,601 FTE waivers issued in FY21-22 from the University of Tennessee (UT) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 27.3 percent $[(4,601 \times 4) / 67,404]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$306 each.

- Applying the same utilization percentage rate used by the children of full-time teachers to the children of fulltime educational assistants, it is estimated that an additional 5,116 (18,741 x 27.3%) waivers will be issued.
- The total amount of discounts is estimated to be \$1,565,496 (5,116 course waivers x \$306) for UT.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/lm